

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-14 ISO-00 EB-08 /029 W

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R 132138Z JUN 78

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6844

UNCLAS MANAGUA 2710

FOR OPIC

E.O. 11652: NA

TAGS: BEXP, EINV, NU

SUBJECT: REQUEST FOR POLITICAL RISK INVESTMENT INSURANCE BY
STEVIE TOGS, INC.

REF: OPIC FORM NO. 50 AND OPIC REGISTRATION NOTICE 524-78-177

1. EMBASSY UNABLE TO TALK WITH ANY STEVIE TOGS EXECUTIVE AS FIRM DOES NOT HAVE A RESIDENT MANGER. HOWEVER, EMBOFF DID CONTACT FIRM'S LEGAL REPRESENTATIVE AND FREE TRADE ZONE OFFICIALS WHO PROVIDED THE FOLLOWING INFORMATION.

2. FREDRON MANUFACTURING COMPANY, S.A., A WHOLLY-OWNED SUBSIDIARY OF STEVIE TOGS, WILL LOCATE IN THE FREE TRADE ZONE (APEX) NEAR MANAGUA'S INTERNATIONAL AIRPORT AND WILL PRODUCE CHILDREN'S CLOTHING. APEX HAS THE REPUTATION OF BEING WELL AND PROFESSIONALLY MANAGED.

3. AN APEX OFFICIAL INDICATED THAT THE ADVANTAGES TO NICARAGUA OF THE OPERATION WILL BE THE FOLLOWING: THE CREATION OF 200 NEW JOBS BY THE SECOND YEAR OF THE FIRM'S OPERATION; EXPORTS WHICH SHOULD REACH NEARLY \$5 MILLION BY THE THIRD YEAR OF OPERATION; AND THE POSSIBILITY THAT STEVIE TOGS WILL EVENTUALLY BUY LOCALLY-PRODUCED RAW MATERIALS IF A PRODUCT OF PROPER QUALITY IS AVAILABLE. EMBASSY AGREES WITH APEX THAT MAJOR ADVANTAGES TO NICARAGUA WOULD BE EMPLOYMENT AND EXPORT EARNINGS.

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4. THE APEX OFFICIAL ALSO INDICATED THAT STEVIE TOGS OPERATES ONLY ONE PLANE IN THE U.S., WHICH IS LOCATED IN KANSAS CITY, MISSOURI, EMPLOYS APPROXIMATELY 200 PERSONS, AND MANUFACTURES CHILDREN'S SPORTSWEAR. APPARENTLY, MANAGUA IS STEVIE TOGS' FIRST OVERSEAS VENTURE.

5. ALTHOUGH FEW DETAILS ABOUT THE PROPOSED OPERATION ARE AVAILABLE, IT IS BELIEVED THAT THE OPERATION WILL BE A STITCH-AND-SEW ASSEMBLY OPERATION WITH CUT PIECES IMPORTED FROM THE U.S. OR THE FAR EAST AND THAT THE COMPLETED GARMENT WILL BE EXPORTED TO THE U.S.

6. DUE TO THE LACK OF AVAILABLE INFORMATION, EMBASSY FINDS IT DIFFICULT TO MAKE A RECOMMENDATION ON FIRM'S SUITABILITY AS RECIPIENT OF OPIC INSURANCE. THE QUESTION WHETHER THE PROPOSED OPERATION WILL TAKE JOBS AWAY FROM U.S. TEXTILE WORKERS IS DIFFICULT TO ANSWER. PIC MAY WANT TO INVESTIGATE THAT ASPECT FURTHER BEFORE MAKING A DECISION.
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